



# **OPPORTUNITIES FOR THE 2023 STATE BUDGET**

**PRE BUDGET SUBMISSION**

**December 2022**

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## 1 Introduction

Communities across Victoria have once again faced a year of significant challenges. They have been forced to adjust to living with the presence of COVID-19, as well as managing the impacts of extensive and ongoing flooding across large parts of the state. Victoria's 79 councils continue to work closely with their communities to deliver the services and infrastructure to meet these challenges.

Prepared by the Municipal Association of Victoria (MAV), this pre-budget submission is based upon the work councils are undertaking with their communities. It presents a range of financial opportunities for State and local governments to come together and support communities and local businesses to improve the quality of life for all Victorians.

MAV is the statutory peak body for local government in Victoria. Established in 1879, we are the voice for Victoria's 79 councils.

We advocate on councils' behalf, represent their interests and building their capacity. We also deliver important services to the sector including insurance, collaborative procurement, training and professional development.

### Sustainability gap for local government

The MAV – in partnership with Local Government Finance Professionals (FinPro) – has developed a dataset that can be used to demonstrate the financial sustainability of Victorian councils.

The report identified four immediate risks to the financial sustainability of Victorian councils:

- The compounding effect of a rate cap that has been consistently set below the level of cost increases experienced by local government
- A significant asset renewal gap
- Deteriorating underlying surplus
- A deteriorating unrestricted cash position across most councils

Having this data available to the sector is key to ensuring we are well-placed to service ongoing – and unexpected – community needs and help identify where support from the State Government might be best placed. This submission highlights the desire across the local government sector for governments at all levels to work in a collaborative way.

It is our hope that the election of the new State Government will see a reset in the engagement level from State Government with councils – through the MAV. While the asks within this submission reflect the needs of councils across the state, many are either directly tied to, or can be incorporated within, existing State Government policy, programs or strategies. This includes in Early Years and MCH services, on roads funding, climate change, and social

housing asks. This natural alignment should help our two levels of government come together to provide the best possible outcomes for our communities.

### Responding to the recent floods

Councils have once again been on the frontline during the recent flood emergencies across the state. As the recovery process takes place, there are many lessons being learnt about how the State Government can best support councils to ensure we are able to meet community need.

Asks include a Local Roads Rescue Program, expansion of MERP, continuing to make DRFA applications more efficient, and a betterment program allowing councils to build infrastructure back better.

This paper is divided into two parts. The first part provides a broad overview of the situation councils are facing. The second part outlines medium to longer term opportunities for councils in supporting their community and local businesses. It also identifies a range of priority funding opportunities for the State Government to consider over future budget cycles.

## 2 Financial settings for Victoria's councils

COVID and the increasing frequency and severity of natural disasters have placed acute financial pressures on Victorian councils. These pressures must be considered in the context of a financial position that has been steadily deteriorating since the introduction of rate capping.

The inaugural Sustainability Gap Report identified four immediate risks to the financial sustainability of Victorian councils:

- The compounding effect of a rate cap that has been consistently set below the level of cost increases experienced by local government
- A significant asset renewal gap
- Deteriorating underlying surplus
- A deteriorating unrestricted cash position across most councils

The rate cap issue is stark this year. The rate cap for 2022-23 was set at 1.75%, while CPI for the period appears likely to hit 7%. The gap between these two numbers is even wider when considering where councils spend most of their money, particularly in infrastructure delivery, where costs have increased astronomically.

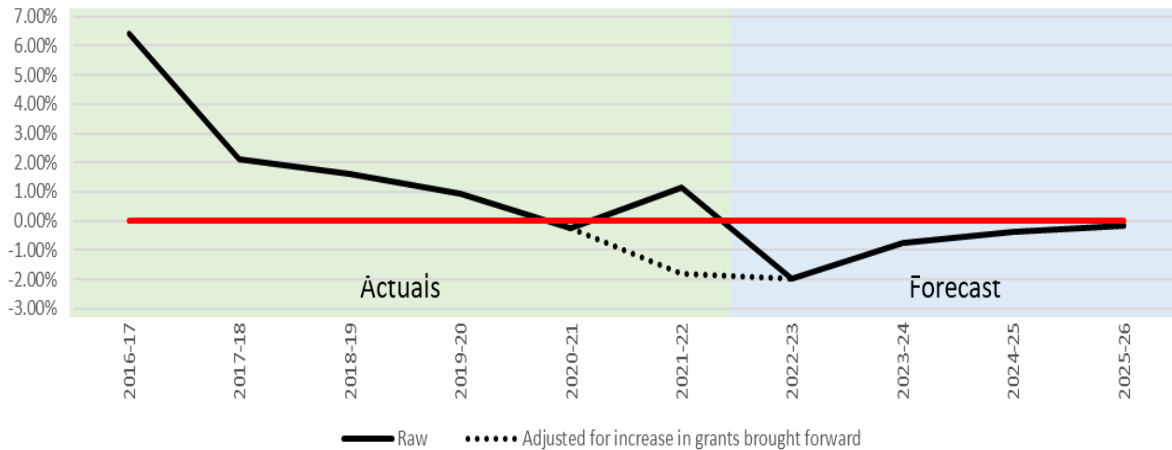
As we predicted in last year's budget submission, the ambitious State Government infrastructure program has contributed to rising costs for council capital works. In an MAV survey on infrastructure delivery challenges, over 80% of councils said they are experiencing weaker tender responses from industry than 12 months prior. This is most severely felt in construction, with 42% saying they had experienced at least a 25% increase in cost for construction projects between \$5m and \$15m.

Cash holdings and on paper surpluses often contribute to the perception of councils as being financially strong. It is critical to understand that the headline surplus councils are required to report includes works-in-kind infrastructure contributions by developers, as well as monetary developer contributions and one-off capital grants as revenue. To get a truer picture of the operating position of councils requires looking at underlying surplus which excludes these sources.

43 of the 78 councils that have reported so far reported an underlying surplus in 2021-22, with the median lying at 1.14%. However, this was inflated by a historic amount of Financial Assistance Grants payments being brought forward from 2022-23. It has become regular practice to bring forward 50% of the following year's grants into the current year, however in 2021-22 the Commonwealth brought forward 75% of the 2022-23 grant allocations.

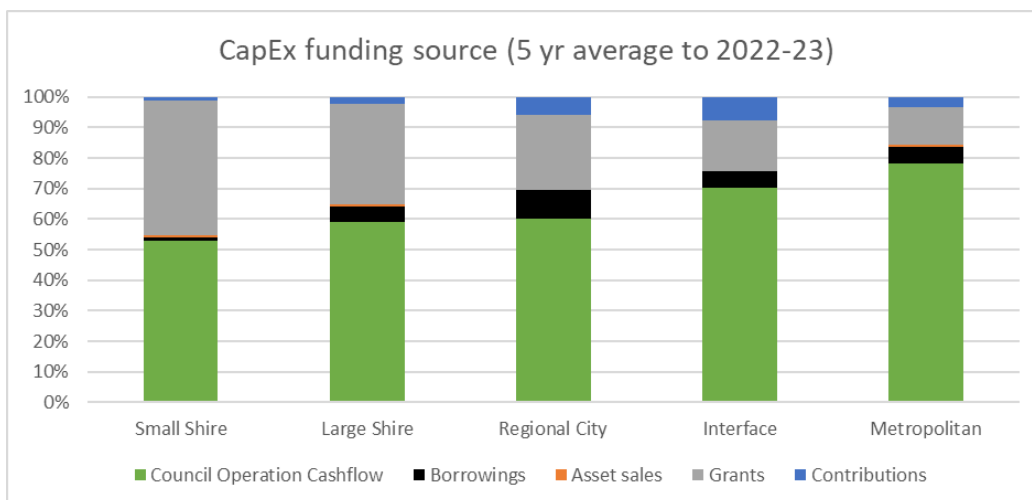
State-wide, this represents approximately \$175m of additional revenue. If not for this amount, we would effectively "flip the switch", leaving 43 councils with an underlying deficit and setting the median at -1.80% and a gross underlying deficit across the State of \$324m. This position could deteriorate further if the Commonwealth returns next year to bringing forward 50% of Financial Assistance Grants. That would effectively mean that councils will have received 125% of normal allocations in 2021-22 but will receive only 75% in 2022-23.

Median underlying surplus of Victorian councils



Each state is allocated most of their Financial Assistance Grants based on proportion of the national population. If Victoria experiences population decline relative to other states, the Victorian allocation will reduce. For each 0.1% decreased share of the national population, Victorian councils would lose a total of approximately \$2m in General Purpose Grants. Based on ABS estimates, Victoria has fallen from a peak of 25.8% of Australia's population on 30 June 2019, to 25.5% on 30 June 2021.

Having financially strong councils is critical to delivering on shared objectives across levels of government. Councils that run at a deficit are unable to adapt to changing community expectations for service delivery. It is also critical for delivering infrastructure. Depending on council cohort, between 54% and 84% of capital expenditure is funded through council own-source revenue. A surplus is necessary for this, whether to accumulate cash over time or to have the capacity to service borrowing.



The combination of deteriorating financial position and increasing infrastructure costs has also contributed to a growing asset renewal gap. This has the potential to compound over time. As assets fall further out of repair, they become more expensive to restore and eventually replace.

### **3 Medium to Longer Term Opportunities**

#### **Financial Sustainability**

##### Efficient grant processes

The current way of allocating and administering grants sees much of the funding chewed up in applications and reporting, rather than going to the purpose of the grant. It can also mean council programs are re-aligned to where grant funding is available, rather than the needs and strategic goals of their communities.

Recently, the MAV surveyed councils on challenges they are facing in infrastructure delivery. 79% of councils said more flexible funding agreements would have a significant impact on their ability to deliver their capital works programs. 74% said better staged funding, allowing them to scope projects without committing to final delivery would have a significant impact. There are also clear opportunities for rethinking co-contribution requirements and the balance between funding being tied to a tightly defined central objective versus being responsive to local needs.

Local Government stands ready to work with the Victorian Government to ensure that Victorian communities are getting the most value possible from grant funding. A Treasury-led review of how we can improve grant guidelines and funding agreements to maximise their impact would be a constructive initial step.

##### Streamlining council operations

There have been numerous constructive partnerships between local and state government to make various processes more efficient. This includes the Business Acceleration Fund, the Regulation Reform Incentive Fund, and the Better Approvals Program.

The principles behind these programs can be re-applied to improve the financial sustainability of councils. To date, these programs have been focused largely on achieving efficiencies for the private sector in their dealings with councils. We propose a new program that focuses on making councils as efficient as possible internally, to remove unnecessary costs and improve their long-term financial position.

Some councils that could most benefit from finding efficiencies are the councils least able to dedicate resources to doing so. A \$12 million fund, representing \$150,000 per council, would enable all councils to prioritise and deliver meaningful efficiencies in their operations.

Initiatives will be based on the priorities of each council and could range from improving payroll systems, to planning an integrated IT system, to modernising records keeping.

Priority funding opportunities in financial sustainability portfolio.

Request	Funding	Timing	Portfolio
Making grants more efficient	\$0.5 million	1 year	DTF
Streamlining council operations	\$12 million	2 years	DJPR

## Built and Natural Environment

The MAV's built and natural environment portfolio covers policy and program activities across statutory and strategic land use planning, building regulation, waste and resource recovery, environment protection and climate change.

### Climate Change

As the intensity and frequency of extreme weather events increase, the sense of urgency for significant strategic investment in climate change adaptation and mitigation is increasing. A new strategic partnership between state and local government is needed to accelerate the transition to net zero and to strengthen community resilience, with funding support for councils to reduce and manage community climate risks.

Investment in the urban forest delivers multiple benefits, including increased cooling and shading, reduced air pollution and run-off, carbon sequestration, and improved biodiversity and habitat. Councils are collaborating with community groups and land managers to increase canopy cover in urban areas. State funding and policy support is needed to support and scale up these efforts.

### Planning support

Over the last 18 months, DELWP's Better Planning Approvals program has partnered with 30 councils to design new tools and processes to enhance the experiences of planning system users, including applicants and the community. The program has had significant success to date, with more councils now seeking to partner with DELWP to improve planning processes. Further funding for the program is needed to achieve state-wide reach.

DELWP's Regional Planning Hub program provides critical support to rural and regional councils to plan and develop their municipalities. With more Victorians choosing to live

in regional areas, council planning departments struggle to keep up with statutory planning demands, let alone undertake important strategic planning work. The Regional Planning Hub program assists councils with peak workloads, progressing significant regional planning projects and strengthening council planner capacity and capability. Continuation of this program is essential to help councils meet the needs of their current and future communities.

#### Waste and resource recovery

The State's kerbside waste and recycling reforms impose significant new capital and service costs on councils. To date little funding support has been provided by the State to help councils minimise the cost impacts on communities. Additional funding is needed to support the transition to four services.

#### Priority funding opportunities in the built and natural environment portfolio.

<b>Request</b>	<b>Funding</b>	<b>Timing</b>	<b>Portfolio</b>
Climate resilient councils and communities	\$50m	4 years	DELWP
Growing our urban forest	\$50m	4 years	DELWP
Continuation of DELWP Better Planning Approvals program	\$10m	4 years	DELWP
Continuation and expansion of Regional Planning Hub program	\$10m	4 years	DELWP
Kerbside waste and recycling reforms	\$80m	4 years	DELWP

## **Community Services**

MAV's Community Services portfolio covers policy and program activities across maternal and child health, early years, youth services and senior Victorians.

### Maternal and Child Health:

The MCH Service has been built on a strong partnership between State and local government, documented in our Memorandum of Understanding. However, there has been a shift over the past few years resulting in an underfunding of this essential service.

We are asking for a clear State Government commitment to restoring the 50:50 funding between councils and the Victorian Government. The unit price for an hour of MCH Service delivery has not been reviewed since 2016. It has not kept pace with inflation..

In the current fiscal environment, where families have increased complexities due to the impacts of the COVID-19 pandemic, councils are unable to continue to subsidise the State Government contribution. We hold real concerns about this funding stress undermining our ability to meet the needs of children and families.

To guarantee the Victorian MCH service remains one of the key pillars of our preventative health system, adequate, flexible, and sustained funding is critical. The Municipal Association of Victoria (MAV) is calling for an immediate correction of this gap with an immediate uplift of the unit cost and commitment to restore the 50:50 funding agreement, once the true cost of the service is established, with the completion of the DH procured costing methodology project.

### Early years Services

The State Government's Best Start Best Life agenda is a revolutionary reform of the early education system. MAV and the Department of Education and Training have a formal Partnership Agreement which has been in place for more than 10 years and use this as the basis in our collaborative work on the rollout of this ground-breaking reform agenda.

Whilst MAV welcomes and supports this reform, it is built upon a reliance of local governments infrastructure and an assumption that councils have the resourcing to maintain and continue to invest in the new infrastructure required for the implementation of the State Government's reform agenda.

A recent MAV infrastructure survey revealed that 188 new buildings will be required across the state for the implementation of 15 hours of 3-year-old Kindergarten by 2029. It also showed that 70% of early years infrastructure is more than 40 years old, adding to the burden of costs of councils.

The MAV calls upon the State Government to significantly increase its overall funding contribution to early years infrastructure planning and delivery. It must also adequately resource councils to undertake service and infrastructure-provision planning across the 10-year Best Start, Best Life reform. The MAV calls on the State Government to provide funding for each council to engage an officer for the life of the BSBL reform. This officer will undertake service delivery and infrastructure planning along with updating the KISPs to ensure accurate data and information is available to support the reform and other opportunities for infrastructure investment and service provision.

We also call for the State Government to continue to increase the funding to councils for implementation of the Central Registration and Enrolment (CRES), as part of the reform agenda. The CRES data is critical to understanding the demand issues for councils' planning including service delivery, infrastructure planning, and DET Best Start Best Life reform.

### Ageing and Aged Care Services

The Victorian local government sector continues to plan and coordinate vibrant, accessible local communities for older people, with the goal of keeping them at home and connected to their local communities for as long as possible.

The recently released Ageing Well in Victoria Action Plan 2022-2026 sets out a vision to strengthen the well-being of Senior Victorians as they age in place as well-respected and active members of our community. Local government is recognised in the plan as a critical partner in this work. Additionally, the Parliamentary Inquiry into support for older Victorians from migrant and refugee backgrounds found that councils play an important role in supporting diverse cohorts of older people.

This plan is welcomed and supported by MAV. Local government plays an important role in supporting older people in their communities to age in place. They provide programs and activities and invest in planning and infrastructure. As a level of government, councils are committed to promoting the wellbeing of their older citizens.

The MAV applauds the priority actions set out in the Ageing Well in Victoria Action Plan. For these actions to be implemented, true partnership and resourcing is required to ensure all older people benefit from the intent of the plan. A State and local government partnership would realise the vision of this plan.

Priority funding opportunities in the community services portfolio.

Request	Funding	Timing	Portfolio
Immediate increase in Maternal and child health unit cost funding and a commitment to restoring the 50;50 funding partnership	Unit price increase from \$126.38 to \$144.22 per annum + indexation	Immediately	DH
Increased Infrastructure funding made available to councils to meet the requirement of the Best Life Best Start Reform	Capacity Building Stream increased to at least \$4m  Improvement Stream increased to at least \$1m  Inclusion Stream increased to at least \$400k	Immediately	DET
Funding to councils for a Positive Ageing Officer to implement the priority actions of the Ageing Well in Victoria Plan	\$100,000 per council, with the incremental roll-out of funding from June 2023 – June 2027	June 2023	DFFH

## Health and Local Economies

MAV's Health and Local Economies portfolio covers policy and program activities in the areas of public health and well-being, disability access and inclusion, social and affordable housing, and public libraries.

Having a place to call home is one of the critical determinants of health and wellbeing for all Victorians. Social and affordable housing is also core infrastructure on which the Victorian economy depends. Without these, businesses and government services will continue to struggle to find the workers they need. The current economic environment – rising inflation rates and expected continued cost of living increases - is speeding up the number of out of reach suburbs for low-income earners. The Housing Register for people seeking government-supported housing is growing, even with the significant new

dwellings coming on-line as a result of the Big Housing Build initiative. Currently there are over 64,000 people waiting on the public housing register.

The Victorian Government's support for the recommendations from the Royal Commission into Victoria's Mental Health Services in 2021 for Social Inclusion Action Groups to be located in every municipality was important and welcomed when the announcement was made in 2021. This initiative will assist people with mental health needs connect with people and organisations close to where they live and work. Currently only five local government areas have been established to commence in 2023, with five more not due to commence until July 2024. Given that utilising existing social infrastructure provided by councils is a smart way for the state to save on its own service delivery costs – healthy communities need less acute health services, not more – we encourage this initiative to be brought forward at a much greater pace. If only five groups are established every two years, it will take until 2048 for the Victorian Government to deliver on its commitment.

Request	Funding	Timing	Portfolio
Fast-tracking development of affordable housing agreements to commit to joint projects by state and local governments. First-year implementation includes \$75,000 for 10 priority councils	\$4 million	3-years	DFFH/Homes Victoria
Additional 20 councils being funded to host Social Inclusion Action Groups	\$5 million	3-years	DH

## Infrastructure and Community Strengthening

MAV's Infrastructure and Community Strengthening portfolio covers transport, asset management, emergency management, gender equity, arts and culture, and sport and recreation.

### Transport

Key findings from a recent MAV survey of infrastructure conditions within Victorian councils included:

- The cost of delivering infrastructure has increased rapidly over 2021-22
- Over 80 per cent of councils are experiencing weaker responses to tenders from industry
- Services, materials, and skill shortages are leading challenges
- Infrastructure pipelines in Victoria and Australia are exceeding the capacity of industry to deliver
- Local government's asset to revenue ratio is substantially different to other levels of government. Councils have large assets to manage, yet significant constraints on revenue (including imposed limits on own-sourced revenue such as the rate-cap and statutory fees)
- Untied grants and greater flexibility around how specific (tied) grant funding can be used are seen by councils as the most promising responses to these challenges.

The MAV is calling for a Local Roads Rescue Program as a priority commitment from the State Government.

Councils manage 87 per cent of Victoria's road network, spending almost \$900m or 10 per cent of their total revenue in the process. The introduction of the rate cap seven years ago, plus inflexible, time-limited grants programs, and three wet years has fuelled the looming crisis for the local roads network. At this point, removal of the rate capping policy would not plug the blackhole. Small rural councils do not have the rates bases available to them.

Many grant programs require shovel-ready projects to be delivered within a two-year timeframe. Current grant programs also overlook the need to maintain and renew existing infrastructure. This has the potential to affect the safety of road users and the efficiency of the freight network as key local roads and bridges are assessed and found to be unsuitable for heavy vehicle access.

Local roads, bridges and other infrastructure were already in dire straits before the recent floods. With at least 63 of Victoria's councils declared flood-affected, some roads will be eligible for repairs through Disaster Recovery Financial Arrangements (DRFA), but this program alone won't be enough to address the growing gap between council revenue and asset maintenance and renewal task. The cost and availability of contractors to undertake rebuilding exacerbates this problem further. Major State investment is needed to rebuild local road and freight connections.

The MAV's proposal for the Local Roads Rescue Program comprises three elements to ensure a responsive, smart and targeted response to current infrastructure pressures:

1. Targeted funding to enhance councils' capacity to improve asset management data capture, storage, analysis, and retrieval

2. A modest and targeted funding stream for asset renewal based on local priorities, ensuring safe access is maintained for remote communities, and
3. Funding for urgent repairs needed for local roads outside of DRFA consideration.

Infrastructure Victoria's 30-year Strategy (2021) highlights how Victoria can make the most of existing infrastructure, implement smarter approaches and deliver significant reforms without needing to commit to significantly increased infrastructure spending. MAV supports the implementation of 'smaller ticket' items flagged in the Strategy. Smaller scale infrastructure investment can stimulate local economies and help deliver Plan Melbourne's objectives, particularly the key theme of 20-minute neighbourhoods.

Development of a Walkable Communities strategy is welcomed. Investment in this strategy is expected to expand the principal pedestrian network, improve safety and strengthen local neighbourhood connections, offering health, environmental, social and economic benefits to all Victorians.

There is significant potential to better align existing funding programs such as 20-minute neighbourhoods, infrastructure funding through Sport and Recreation Victoria, and school-focused active travel grant programs. Locals know what locals need, so increased autonomy for councils to direct grant funds will deliver better community outcomes.

There is also a unique opportunity through Commonwealth Games investment to take a precinct approach to venues, to improve active access and connection to public transport and nearby bike and walking paths.

There are further opportunities to realise the potential local sporting, cultural and economic benefits of the Games, and while not the focus of this submission, the MAV would welcome the opportunity to explore this with the State, in partnership with councils.

Many people increased their walking and riding during periods of COVID-based restriction in 2020 and 2021. In the process, they discovered more of their local neighbourhood. A recent MAV survey of councils indicates this increase in walking and riding as preferred exercise and transport options has continued post lockdowns. The opportunity to capitalise on this growth remains, through investment in active transport infrastructure across the state and further targeted funding for strategic bicycle links in inner and middle suburbs of Melbourne.

Every kilometre walked or cycled has a significant economic benefit by reducing traffic congestion and vehicle operating costs, improving health and meeting the State's transport climate pledge of 25 per cent active transport mode share by 2030. It is

estimated every dollar invested in cycling infrastructure reaps up to five dollars' worth of [benefits](#).

Ensuring safe access to schools is a shared responsibility between local and State governments. Each year, councils and the MAV have been forced to nervously wait for the State Budget to be handed down to find out whether the State is continuing to fund its share of the School Crossing Supervisor Program. This makes it impossible for councils to budget effectively and creates uncertainty for supervisors and the school community. The lack of State commitment to the partnership over many years has caused several Victorian councils to withdraw or reconsider their involvement in the program.

We were pleased to see the State announce an extra \$5.1 million in the 2022/23 Budget to top up the supervisor program for one year. However, the one-year funding announcement was a band-aid, rather than the ongoing investment in safe routes to school that councils are seeking.

The MAV calls for an ongoing commitment of a true 50:50 funding split for those councils intending to continue to deliver the program. In addition, local government would welcome the opportunity to work with communities to provide safer active transport access around school precincts. Department of Transport has been investigating the usefulness of a safe system assessment of the school crossing environment. Funding is required to deliver on safety measures identified through this process. It can potentially reduce the need for some supervisors while providing a safer street environment.

### Emergency management

In the critical area of emergency management, councils have supported communities through the pandemic, and coordinated relief and recovery from floods, bushfires, storms and prolonged power outages.

In 2019, a state-facilitated assessment through the State Government's Councils & Emergencies project found sector-wide capability and capacity gaps in several of councils' critical emergency management roles.

Despite this, there has been no investment in sector training and development, nor an increase in funding commensurate with their expanding role.

Emergency management is complex and the stakes are high. It is critical that councils are empowered and adequately funded to lead local resilience building, support local planning and effectively coordinate local-level relief and recovery.

The Municipal Emergency Resourcing Program (MERP) is currently the main funding source for the 64 eligible rural, regional and interface councils. This program provides an annual share of \$4.9 million to eligible councils and is based on a formula devised in 2012.

The MAV is once-again calling for an expansion of the MERP to cover all 79 councils, with a new formula based on risk and capacity, and an immediate investment in training for councils' statutory emergency management roles. Significantly higher levels of ongoing funding, reflective of risk and community expectations are essential. As an immediate step, an additional \$7 million is needed to fund one FTE in each council, while a transparent risk and capacity-based formula is developed.

The Federal-State DRFA is the primary recovery funding source for Victorian councils. The MAV has written to successive Ministers and the Treasurer about the challenges councils have making eligible claims under the program. The MAV appreciates the current efforts being made by Emergency Management Victoria and the Department of Transport to address some of the administrative burdens of the program. However, for the program to operate efficiently and meet the ultimate objective of supporting community recovery, there must be a review of the Victorian administration of the program.

A major issue councils have raised in relation to the DRFA is the inability to make 'betterment' claims - to restore or replace an essential public asset to a more disaster-resilient standard. Despite the mantra of the Commonwealth and State Government being to 'build back better' after emergencies, the current arrangements in Victoria do not support this. In contrast, both New South Wales and Queensland have established betterment programs for disaster-affected councils to access funding to build back infrastructure to a more resilient standard.

In Victoria, the DRFA guidelines only support the reconstruction of infrastructure to pre-existing standards. Councils alone must foot the bill for the upgrading of infrastructure to a more resilient standard:

*Any costs relating to betterment are to be excluded. All betterment components should be identified early in the project, funded by council and accounted for separately (Aug 2022 guidelines).*

The MAV calls for the establishment of a betterment fund for Victorian councils to access when rebuilding disaster-affected critical infrastructure. The dedicated fund for disaster-affected councils should be reviewed regularly following natural disasters.

Further, the MAV reiterates its call for costs relating to use of council staff to undertake infrastructure repairs - also known as 'day labour' - to be classified as an eligible expense under Victoria's DRFA policy. In some locations – particularly rural areas - there is a severe lack of contractors, with demand outstripping supply. In these areas, use of their own staff can be more efficient and cost effective.

Priority funding opportunities in the infrastructure and community strengthening portfolio

Request	Funding	Timing	Portfolio
Local Road Rescue Program – a comprehensive program that initially improves asset management data and analysis and funds urgent repairs to damaged roads, then supports a prioritised strategic asset renewal program.	\$320 million	4 years	DOT
Local walking and riding infrastructure – delivery funding for priority walking and cycling projects in all Victorian councils and additional, targeted funds for strategic bicycle links in inner and middle suburbs of Melbourne.	\$230 Million	4 years	DOT
Safe school access (including school crossing supervisors) – provision of indexed annual funding to match local government contributions plus \$10m funding to deliver safe system works to reduce need for supervisors and encourage safe active school transport.	Approx \$29 million	Annually	DOT
Expand the annual Municipal Emergency Resourcing Program to cover all 79 councils with a formula based on risk and capacity. As an immediate step, an additional \$7 million is needed to fund one FTE in each council, while a transparent formula is developed.	\$7 million	1 year	DJPR
Victoria Disaster Betterment Fund – a dedicated fund for rebuilding local critical infrastructure to a more resilient standard, that is reviewed regularly following major natural disasters. An initial commitment of \$200 million, open to flood-affected councils.	\$200 million	2 years	DOT

## 4 Funding requests

Request	Funding	Timing	Portfolio
Making grants more efficient	\$500,000	1 year	DTF
Streamlining council operations	\$12 million	2 years	DJPR
Climate resilient councils and communities	\$50 million	4 years	DELWP
Growing our urban forest	\$50 million	4 years	DELWP
Continuation of DELWP Better Planning Approvals program	\$10 million	4 years	DELWP
Continuation and expansion of Regional Planning Hub program	\$10 million	4 years	DELWP
Kerbside waste and recycling reforms	\$80 million	4 years	DELWP
Immediate increase in Maternal and child health unit cost funding	Unit price increase from \$126.38 to \$144.22 per annum + indexation	Immediately.	DH

Increased Infrastructure funding made available to councils to meet the requirement of the Best Life Best Start Reform	Capacity Building Stream increased to at least \$4m  Improvement Stream increased to at least \$1m  Inclusion Stream increased to at least \$400k	Immediately	DET
Funding Positive Ageing Officers to implement the priority actions of the Ageing Well in Victoria Plan	\$100,000 per council, with the incremental roll-out of funding from June 2023 – June 2027	4 years	DFFH
Fast-tracking development of affordable housing agreements. First-year implementation includes \$75,000 for 10 priority councils	\$4 million	3-years	DFFH/Homes Victoria
Additional 20 councils being funded to host Social Inclusion Action Groups	\$5 million	3-years	DH
Local Road Rescue Program.	\$320 million	4 years	DOT
Local walking and riding infrastructure investment.	\$230 million	4 years	DOT
Safe school access (including school crossing supervisors) – indexed annual funding plus \$10m of associated infrastructure works.	Approx \$29 million	Annually	DOT
Municipal Emergency Resourcing Program for all 79 councils.	\$7 million	1 year	DJPR
Victoria Disaster Betterment Fund – a dedicated fund for rebuilding local critical infrastructure with an initial commitment open to flood-affected councils.	\$200 million	2 years	DOT

## 5 Conclusion

The MAV continues to support and advocate for the entire local government sector of Victoria. Our pre-budget submission highlights the most important financial needs facing councils and is by no means exhaustive.

This document not only outlines the opportunities to support the local government sector in the upcoming State budget, it also seeks to align this investment with existing State Government policy and recommendations. In doing so, it highlights our desire for governments at all levels to work together for positive community outcomes.

The ongoing financial and capacity pressures facing councils present opportunities for State and local government cooperation. Greater cooperation could result in more targeted investment to areas of greater need and/or more strategic value.

The MAV would welcome the opportunity for enhanced cooperation with the new State Government on priority reform projects. This would ensure all funding provided to councils is targeted, effective, and implemented appropriately.